

# Realty Trust Review

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### INVESTMENT OUTLOOK: SOARING RATES COOL BUT NOT KILL DEALS FOR RECOVERY TRUSTS

Despite Federal Reserve actions pushing the prime rate to 15% and its rhetoric against speculative bank loans, recovering realty trusts are still going ahead with merger and acquisition deals.

That early reading on the impact of sharply higher interest rates is good news for aggressive investors who've bet heavily that prospects for deals are the main attraction for the recovering realty trusts -- generally non-qualified entities whose statistics are on p. 5.

But investors aren't out of the woods and pending and prospective deals still face formidable obstacles: 1) Banks and other lenders hold near-veto power over some deals and their expected tougher at-

titude may chill deals needing lender approval or financing; 2) Plummeting stock prices of some merger partners may cause some deals to come unglued; 3) Rising interest rates likely have pushed the time horizon for higher stock prices essential in many deals months or even years into the future; and 4) Soaring margin loan rates of 16%-17% most certainly will brake any ebullience in the takeover stocks -- even if margin interest is a non-cash charge.

Here's how pending deals shape up to us in this changed environment:

TIERCO moved ahead of other trusts by essentially selling 48% of the trust for \$7.7 million cash and notes. TIERCO exchanged on Oct. 22 a total 1,160,000 new shares for Viking, Inc., privately held company holding \$7.7 million notes from earlier sale of stock to Salomon Bros.,

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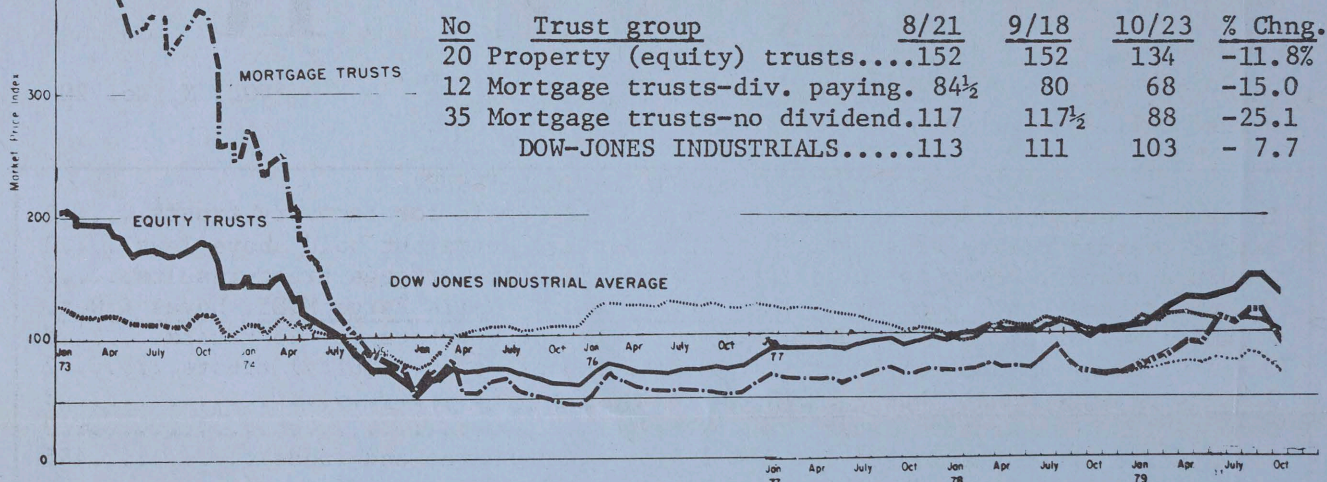
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## AUDIT INVESTMENT INDEX

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the brokerage firm, plus some residual land in Alaska. The deal was made at relative book values so TIERCO's \$6.97/sh. book value is little changed. To make the deal, TIERCO's only remaining lender, Metropolitan Life, cancelled \$1.09 million of deferred interest notes and forgave \$600,000 interest bearing debt. Interest on remaining \$8.5 million debt stepped up to 10% and debt is repayable through Dec. 31, 1985.

TIERCO winds up with its debt finances tied down and \$7.7 million in notes that reduce to cash fairly soon. This puts it in prime condition to seek other acquisitions. The shares now trade about \$4 (OTC) or about 40% below the \$7/sh. post-acquisition book value. We are raising the shares to No. 1 Ranking because of this improved stance.

GMR Properties (2-3/8-NYSE) has reached preliminary agreement to combine with two operating subsidiaries of privately-held Hollinee Corp., Blue Bell, Pa. maker of construction grade papers and roofing products. Hollinee holders would get about 70% of the combined entity, current GMR holders 30%. But the deal hinges upon bank lender approval of a revised loan agreement perhaps involving some bank concessions. Negotiations continue; we think there's about a two-thirds chance the deal will be completed.

Newcorp (3-NYSE) says it hopes to make a friendly tender offer for Pier 1, NYSE-listed importer and retailer. Pier 1 trades at 14-5/8 and neither the tender price nor

Newcorp's source of funds is set. Newcorp is the holding company formed recently to hold the former Cousins Mtg. & Equity property. Newcorp hired Fuqua Industries to search for acquisitions and gave it an option to buy 25% of its shares at a minimum \$1.75; Fuqua has now decided to exercise most of that option -- meaning Fuqua feels comfortable even though Pier 1 has other suitors. Newcorp rose 20% last month on news of the Pier 1 deal, best showing in the group (p. 3).

PNB Mtg.-Sutro Mtg. holders are currently voting on merging the two trusts on a share-for-share basis. Opposition has surfaced in the Sutro camp, including a 7-to-2 vote by Sutro trustees on continuing after PNB recognized a \$1.85/sh. loss on an adverse court decision (RTR, Sept. 21). Another shareholder group sued to halt the Sutro meeting to vote on the issue; they claimed inadequate disclosure of a competing offer from First Union RE. Meantime, both stocks have fallen sharply (PNB to 8, Sutro to 8½) and this cast doubt on future of the deal. We continue to hold Sutro.

Nationwide RE (13½-OTC) has agreed to be acquired by Buckeye Fed. S&L but Buckeye stock weakness casts a pall on the deal.

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PORTFOLIO: Audit and its employees hold beneficially minor positions in First Newport, Homac-Barnes, Metroplex Rl., Midland Mtg., Moraga, PNB, and United Rl.



COMPARATIVE TRUST GROUP AVERAGE															10/23/79	
GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE	
PROPERTY-LARGE	19	0	19	2200	15.75	1.29	1.38	15.77	-10.4	15.8	11.4	8.2	0.1	8.7	724.5	
-SMALL	7	0	7	952	13.52	1.33	1.58	13.11	-1.4	20.5	8.3	10.2	-3.1	11.7	83.3	
-SUBOR LAND	3	0	3	1862	16.32	1.35	1.72	15.04	-0.8	29.9	8.7	9.0	-7.8	10.5	75.3	
AVERAGE 3 PROP GROUPS			29	1863	15.27	1.30	1.46	15.05	-7.7	18.1	10.3	8.7	-1.5	9.6	883.1	
PROP & MTG COMBINATION	13	11	24	2420	11.14	0.44	0.65	9.10	-10.8	38.0	13.9	4.9	-18.3	5.9	557.8	
SHORT-TERM MTG	11	0	11	1757	15.32	0.78	0.91	9.35	-12.2	10.9	10.2	8.3	-38.9	6.0	191.3	
LONG-TERM MTG/PROP	12	0	12	3233	15.85	1.15	1.37	9.46	-14.7	-2.2	6.9	12.2	-40.3	8.6	378.9	
MTG/FCLSD PROP-MISC	4	5	9	3289	5.17	0.00	0.32	3.71	-20.9	39.0	11.3	0.0	-28.3	6.3	108.6	
-BANK	0	14	14	2562	5.96	0.01	0.38	3.66	-21.5	36.2	9.7	0.4	-38.5	6.3	105.2	
-INDEPEND	0	38	38	3408	2.98	0.00	0.30	2.80	-21.3	25.3	9.2	0.0	-6.3	10.2	246.8	
AVERAGE 3 MTG/FCLSD PROP			61	3196	3.98	0.00	0.32	3.12	-21.3	30.3	9.7	0.1	-21.6	8.1	460.6	
OVERALL AVERAGE	69	68	137	2665	9.58	0.52	0.76	7.75	-12.2	20.3	10.2	6.7	-19.1	7.9	2471.7	
DOW-JONES INDUSTRIAL AVERAGE								128.99	806.83	-7.7	0.2	6.3	6.2			

\*LATEST QUARTER ANNUALIZED

### MARKET TRENDS: REALTY TRUST SHARES WILT UNDER 15% PRIME BUT HOLD ABOVE LOWS

Losers far outstripped gainers among realty trust stocks in the last month, both in quantity and in the size of the moves. The overall trust average was down 12.2% from last month vs. a decline in the Dow Jones Industrial Index of 7.7%, indicating the greater volatility of REIT stocks against that of the market as a whole. Property trust stocks alone, however, were down only 7.7%, right in line with the Dow. It must be noted that despite the size of the REIT decline, the industry average was still 20.3% above the January 1 level, while the Dow has lost virtually all its gains for the year, up only 0.2%.

The five biggest losers of the REITs were Indiana Financial, down 44.2%; First Pennsylvania, down 43.0%; Guardian Mortgage, down 41.3%; Cameron-Brown, down 40.9%; and National Mortgage, down 37.0%. Some of the losses can be attributed to dumping resulting from margin calls. Indiana's \$24 million bank credit, mostly at 8½%, expires at month-end, and is to be extended at prime. Guardian has postponed tallying the votes on its Chapter XI plan, signalling to many that the dissidents are winning.

Of the qualified REITs, the largest

losses were posted by the short-term and long-term mortgage groups, down 12.2% and 14.7% respectively. While these groups have been strong performers recently (see Earnings Trends, p. 7), both groups have high interest rate sensitivity. Short-term mortgage trusts are faced with high market interest rates in order to fund commitments, while the long-term group is locked into mortgages at low rates, effectively bringing down portfolio values sharply.

The five biggest gainers in the last month were Newcorp, up 20.0%; Riviere, up 13.6%; Henry Miller, up 11.2%; US Equity, up 7.9%; and Citination, up 5.7%. Newcorp's gain can be attributed to its Pier 1 interest (see p. 2). Riviere has become a speculation on the acquisition of a substantial block of shares by a group headed by Matthew Metcalfe for potential liquidation above book value. Henry Miller has boosted its dividend in conjunction with a good earnings report (see p. 7). US Equity also has boosted its dividend. Overall, we are standing by our advice of the last few weeks: Look for buying opportunities at current lows.

CORRECTIONS: Oct. 12 Realty Trust Review: Capital Mtg. name change to CMI Props. GMR Props. ranked 2N, not 1N. ICM Realty loss reserve is \$2.12/sh.

PROFILE OF REALTY TRUSTS AS OF OCTOBER 23, 1979

Number	Invested Assets-----		% Non- and Low-earning	% Change in Month	Loss Reserve	Foreclosed Property	All Shareholders		Depreciation	Taxloss Carryforward
	Total	Non/Low-Earn.					Debt	Equity		
PROPERTY.....	29	\$ 1,784M	\$ 49M	3%	-1.1%	\$ 14M	\$ 1,158M	\$ 633M	\$255M	\$ 2.2M
PROPERTY & MTG.....	24	1,895	332	17	-5.9	55	1,189	562	138	138.7
SHORT/TERM MTG.....	11	733	108	15	-6.4	27	86	320	5	16.4
L/T MTG/PROPERTY.....	12	1,552	161	10	0.0	24	122	925	622	13.9
MTG/FORECLOSED PROP. .	61	4,759	3,172	67	-3.6	796	2,207	3,644	355	1,847.6
TOTALS/AVERAGES.....	137	\$10,723M	\$3,822M*	36%	-3.7%	\$ 917M	\$2,606M	\$7,342M	\$2,493M	\$2,019.0M

\* Includes \$880M or 8.2% low-earning assets. M=Million.



RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)	
PROPERTY TRUSTS-OVER \$25M ASSETS														
2	AM EQUITY INV #	OC-ABQTS	2497	11.08	1.50↑ JUN	1.36	9.50 X	-20.0	18.8	7.0	15.8	-14.3	12.3	23.7
NR	COMMONWLT RLT#	OC-CRTYC	1305	10.03	0.80 MAY	0.77	8.50	-8.1	-10.5	11.0	9.4	-15.3	7.7	11.1
3	CONSOL CAP RLY#	OC-CCFLS	1989	24.80	2.16↑ MAY	2.24	28.00 X	-1.1	12.0	12.5	7.7	12.9	9.0	55.7
2	DENVER REI ASN#	OC-DENVS	1101	17.12	1.00 JUN	1.68	19.25	5.5	83.3	11.5	5.2	12.4	9.8	21.2
1	FEDERAL REALTY#	AS-FRT	1434	13.87	1.40 JUN	1.00	15.75 X	-6.0	5.8	15.8	8.9	13.6	7.2	22.6
1	FIRST UNION RE#	NY-FUR	4929	16.60	1.20 JUN	1.28	13.75 X	-15.5	27.9	10.7	8.7	-17.2	7.7	67.8
1	FLORIDA GLF RL#	OC-FGLFS	997	20.36	1.28 JUL	1.58↑	14.00	-18.8	19.1	8.9	9.1	-31.2	7.8	14.0
3	GENERAL GROWTH#	NY-GGP	6202	11.31	1.56 JUN	1.76	35.13	-19.2	33.2	20.0	4.4	210.6	15.6	217.9
2	GOULD INVESTOR#	AS-GTR	1170	18.83	1.20 JUN	1.64	12.38	-10.8	43.5	7.5	9.7	-34.3	8.7	14.5
2	GREIT REALTY	AS-GRT	998	11.47	0.40 JUL	0.72	9.50 X	-8.6	33.2	13.2	4.2	-17.2	6.3	9.5
2	HUBBARD REI	NY-HRE	4004	24.91	1.72 JUL	1.84	16.00	-9.9	-0.8	8.7	10.8	-35.8	7.4	64.1
2	NEW PLAN RL TR#	AS-NPR	3041	6.10	0.84← APR	0.72	8.50 X	-7.4	-8.1	11.8	9.9	39.3	11.8	25.8
1	PENN REIT	AS-PEI	1561	14.05	1.65 MAY	2.16	19.38	-13.4	19.3	9.0	8.5	37.9	15.4	30.3
2	REIT OF AMERICA	AS-REI	1633	22.61	1.60← AUG	1.63	17.50 X	-14.8	12.0	10.7	9.1	-22.6	7.2	28.6
NR	SAN FRAN RE IN#	AS-SFI	1387	25.03	1.60 JUN	1.72	19.63	-14.2	6.1	11.4	8.2	-21.6	6.9	27.2
NR	UNIVERSITY REI#	OC-URETS	2514	9.00	0.96← MAR	0.32	9.00 X	0.9	-8.9	28.1	10.7	0.0	3.6	22.6
NR	USP RE EST INV#	OC-USPTS	2500	9.28	0.76↑ JUN	0.68↓	6.50 X	-16.4	-16.1	9.6	11.7	-30.0	7.3	16.3
2	VIRGINIA REIT #	OC-VARES	1017	14.45	0.80 JUN	0.72	10.25	-22.6	-12.8	14.2	7.8	-29.1	5.0	10.4
2	WASH RE (WRIT)#	AS-WRE	1519	18.44	2.12 JUN	2.36	27.13	-10.7	29.2	11.5	7.8	47.1	12.8	41.2
GROUP AVERAGE			2200	15.75	1.29	1.38	15.77	-10.4	15.8	11.4	8.2	0.1	8.7	724.5
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS														
NR	GENERAL RE SHS	OC-GRELS	557	7.69	1.21 JUN	0.92	10.50	-16.0	40.0	11.4	11.5	36.5	12.0	5.8
1	HOTEL INVESTOR#	AS-HOT	1682	19.61	2.20↑ MAY	3.16	19.63 X	0.2	23.6	6.2	11.2	0.1	16.1	33.0
NR	PITTS & W VA RR	AS-PW	1510	23.08	0.56 JUN	0.72	5.38	-6.4	-6.4	7.5	10.4	-76.7	3.1	8.1
NR	RL EST INV PRP#	OC-REIPS	959	8.59	1.28 JUN	1.48	10.75 X	3.0	-2.3	7.3	11.9	25.1	17.2	10.3
NR	REIT OF CALIF	OC-RTCAL	550	9.32	1.28 JUN	1.48	16.00	0.0	6.7	10.8	8.0	71.7	15.9	8.8
NR	TERRYDALE RLTY#	OC-TRYLS	336	23.36	1.80 JUN	2.28	19.50	-4.9	39.3	8.6	9.2	-16.5	9.8	6.6
NR	US EQUITY & MTG	OC-USEM	1067	3.02	1.00↑ JUL	0.99↓	10.00 X	7.9	42.9	10.1	10.0	231.1	32.8	10.7
GROUP AVERAGE			952	13.52	1.33	1.58	13.11	-1.4	20.5	8.3	10.2	-3.1	11.7	83.3
PROPERTY TRUSTS-SUBOR LAND LEASEBACK														
3	ICM REALTY	AS-ICM	3011	15.53	0.50 AUG	1.56	12.25	3.1	44.1	7.9	4.1	-21.1	10.0	36.9
2	JMB REALTY	OC-JMBRS	510	19.71	2.12↑ MAY	2.16	19.00 X	-2.4	24.6	8.8	11.2	-3.6	11.0	9.7
2	PROPERTY CAPITL	AS-PCL	2065	13.73	1.44 JUL	1.44	13.88	-7.5	26.2	9.6	10.4	1.1	10.5	28.7
GROUP AVERAGE			1862	16.32	1.35	1.72	15.04	-0.8	29.9	8.7	9.0	-7.8	10.5	75.3
PROPERTY & MTG COMBINATION														
3N	API TRUST	OC-APITS	1012	7.78	0.00 JUN	0.03	1.50↓	-29.6	-29.6	50.0	0.0	-80.7	0.4	1.5
3	BANKAMER RLTY	OC-BRLTS	3547	17.28	1.20 JUL	1.18	13.75	-27.6	32.5	11.7	8.7	-20.4	6.8	48.8
3N	BRT REALTY	AS-BRT	1400	1.89	0.00 AUG	0.00	1.13	-24.7	-9.6	0.0	0.0	-40.2	0.0	1.6
1	CONN GENL M&R #	NY-CGM	5738	20.52	2.00← JUN	2.46	21.13 X	-13.5	17.4	8.6	9.5	3.0	12.0	121.2
2	FLATLEY RL INV#	OC-FLTLS	1000	9.88	0.30 JUN	0.80	6.00	0.0	60.0	7.5	5.0	-39.3	8.1	6.0
2	IRT PROPRY CO#	AS-IRT	2330	11.97	0.60 MAY	1.04	8.63	-15.8	16.9	8.3	7.0	-27.9	8.7	20.1
2	MILLER(HS) TRST	OC-HSMTS	560	18.68	1.40↑ AUG	1.60	18.00 X	11.2	44.0	11.3	7.8	-3.6	8.6	10.1
1	MORTGAGE GROWH#	AS-MTG	2645	11.91	0.96 AUG	0.89	9.00 X	-5.2	30.8	10.1	10.7	-24.4	7.5	23.8
2	PACIFIC RLT TR#	AS-PTR	840	22.65	1.00 AUG	2.52↑	22.50	-1.1	62.1	8.9	4.4	-0.7	11.1	18.9
2	PROPTY TR AMER#	OC-PTRAS	2338	9.02	0.40 JUN	0.44	6.25	2.0	35.0	14.2	6.4	-30.7	4.9	14.6
2	REALTY INCOME	AS-RIT	1591	10.54	1.40 JUL	0.00	10.00	-9.1	-9.1	0.0	14.0	-5.1	0.0	15.9
2N	RIVIERE REALTY#	OC-N/A	783	13.91	0.00 JUN	0.00	6.25	13.6	7.4	0.0	0.0	-55.1	0.0	4.9
3	WELLS FARGO M&E	NY-WFM	3940	18.05	1.40 SEP	1.80↓	13.88	-16.5	22.0	7.7	10.1	-23.1	10.0	54.7
GROUP AVERAGE			2133	13.39	0.82	0.98	10.62	-7.3	26.6	10.8	7.7	-20.7	7.3	342.1
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR														
2	BAYSWATER RLTY	OC-BRITS	1043	15.65	0.05 APR	0.35	10.25	-6.8	36.7	29.3	0.5	-34.5	2.2	10.7
2	CENTRAL MTG&RLY	OC-CMRTS	775	13.79	0.40 JUN	1.16	10.00	-4.8	94.9	8.6	4.0	-27.5	8.4	7.8
3	FIRST CONTRL RE	OC-FCRES	2106	10.48	1.12 AUG	1.28	7.50	-14.3	-6.3	5.9	14.9	-28.4	12.2	15.8
4	FRASER MTG	OC-FRASS	1038	16.58	1.12 AUG	1.08	9.50 X	-6.9	-9.5	8.8	11.8	-42.7	6.5	9.9
3N	HANOVER SO RLTY	AS-HSO	946	11.17	0.00 MAY	0.00	6.25	-12.3	-10.7	0.0	0.0	-44.0	0.0	5.9
3	LOMAS & NET MTG	NY-LOM	3700	27.90	2.60↑ SEP	2.60↑	17.75 X	-3.8	15.4	6.8	14.6	-36.4	9.3	65.7
3	M&T MORTGAGE	OC-MTMIS	1482	10.53	1.80↑ AUG	1.80	10.13 X	-22.0	11.0	5.6	17.8	-3.8	17.1	15.0
1N	MTG TRUST AMER	NY-MT	3860	14.14	0.00 AUG	0.67↑	6.00	-21.4	0.0	9.0	0.0	-57.6	4.7	23.2
3	NATIONWIDE RE	OC-NRELS	1047	24.40	0.28 JUN	0.28	13.50	-14.3	8.0	48.2	2.1	-44.7	1.1	14.1
3	SUTRO MTG INV	NY-SUT	2322	15.65	1.00← SEP	0.80↓	8.50	-19.0	3.0	10.6	11.8	-45.7	5.1	19.7
2	WESTERN MTG	BO-WMTGS	1003	8.22	0.20 AUG	0.03↓	3.50 X	-28.1	3.6	116.7	5.7	-57.4	0.4	3.5
GROUP AVERAGE			1757	15.32	0.78	0.91	9.35	-12.2	10.9	10.2	8.3	-38.9	6.0	191.3
LONG-TERM MTGS & PROPERTIES														
2N	BT MTG INVSTRS	NY-BTM	2116	0.99	0.00 JUN	3.79	1.75	-30.0	40.0	0.5	0.0	76.8	382.8	3.7
NR	DEL-VAL FIN CP*	OC-DVALS	1345	9.36	1.44← JUN	1.40	9.25 X	-14.8	-11.9	6.6	15.6	-1.2	15.0	12.4
4	EQUIT LF MTG&RL	NY-EQ	5663	23.36	2.00← JUL	1.88	15.63 X	-6.5	-6.7	8.3	12.8	-33.1	8.0	88.5
1	HOSPITAL MTG #	AS-HMG	1178	23.45	0.60← AUG	0.44↓	9.25	-29.6	5.7	21.0	6.5	-60.6	1.9	10.9
1	MASSMUTUAL MTG	NY-MML	4670	19.76	1.40 JUL	1.45	10.75	-18.9	-14.0	7.4	13.0	-45.6	7.3	50.2
3	MONY MTG INV	NY-MYM	8952	9.79	0.92 AUG	0.92	7.75 X	-11.3	1.6	8.4	11.9	-20.8	9.4	69.4
3	NW MUT LIFE MTG	NY-NML	4758	19.06	1.00← SEP	1.20↑	9.25 X	-14.6	-7.5	7.7	10.8	-51.5	6.3	44.0
1	PACIF SOTHRN MT	OC-PSMTS	800	12.08	1.20 JUN	0.97	8.00	-11.1	16.3	8.2	15.0	-33.8	8.0	6.4
3	PNB MTG & RLTY	NY-PNI	2437	19.11	1.08← SEP	0.00↓	7.75 X	-23.6	-7.5	0.0	13.9	-59.4	0.0	18.9
4	REALTY REFUND	NY-RRF	1377	17.34	1.60 JUL	1.60	11.50	-9.8	-11.5	7.2	13.9	-33.7	9.2	15.8
2	RLTY & MTG PAC	OC-RPACS	1890	18.34	1.60 AUG	1.80	13.38 X	-15.6	9.2	7.4	12.0	-27.0	9.8	25.3
2	UNITED RLTY TR	AS-URT	3610	17.61	1.00↑ AUG	0.96↑	9.25 X	-13.6	13.8	9.6	10.8	-47.5	5.5	33.4
GROUP AVERAGE			3233	15.85	1.15	1.37	9.46	-14.7	-2.2	6.9	12.2	-40.3	8.6	378.9
MTG & FORECLOSED PROPERTY-MISC SPONSOR														
2N	Y CMT INVESTMT TR	OC-CMTIS	2030	2.96	0.00 JUN	0.13	2.00	-28.8	33.3	15.4	0.0	-32.4	4.4	4.1
3N	HEITMAN MTG INV	AS-HTM	3292	1.41	0.00 JUN	0.00	1.75	-36.4	26.8	0.0	0.0	24.1	0.0	5.8
2N	MISSION INV TR	AS-MIT	1812	5.95	0.00 AUG	0.99	6.50	-10.3	40.4	6.6	0.0	9.2	16.6	11.8
3N	NORTH AMER MTG	NY-NAM	6901	5.65	0.00 SEP	0.00	2.88	-34.2	4.7	0.0	0.0	-49.0	0.0	19.9
GROUP AVERAGE			3509	3.99	0.00	0.28	3.28	-23.6	28.0	11.7	0.0	-17.8	7.0	41.6



October 26, 1979

## NON-QUALIFIED BUSINESS TRUSTS AND CORPORATIONS

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RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS- MON	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)													
5N	AMER REALTY	OC-ARB	2222	3.14	0.00	JUN 0.10	3.25	3.8	62.5	32.5	0.0	3.5	3.2
3N	BAY COLONY PROP	NY-BAY	3315	6.25	0.00	AUG 0.00	6.63	-32.0	65.8	0.0	0.0	6.1	0.0
3N	CITIZENS GROWTH	OC-CITGS	811	7.01	0.00	JUL 0.04	4.50	0.0	63.6	0.0	0.0	-35.8	0.0
2	FRANKLIN INTV	AS-FR	999	8.33	0.06	JUN 0.44	10.38 X	1.9	107.6	23.6	0.6	24.6	5.3
2N	INDIANA FCL INV	OC-IFII	1154	9.19	0.00	JUN 0.00	3.63	-44.2	3.7	0.0	0.0	-60.5	0.0
2N	KENILWORTH RLTY	NY-KRT	2609	21.81	0.00	MAY 1.03	26.50	-11.3	135.6	25.7	0.0	21.5	4.7
2N	SAUL (BF) REIT	NY-BFS	5893	4.33	0.00	JUN 0.22	7.13	-14.9	11.8	32.4	0.0	64.7	5.1
1N	SECURITY MTG	AS-SMO	7412	5.86	0.00	JUN 0.14	3.13	-24.2	-7.4	22.4	0.0	-46.6	2.4
2N	US REALTY INV	NY-UTY	3395	14.33	0.00	JUN 0.60	6.88	-24.6	41.0	11.5	0.0	-52.0	4.2
2N	WALTER REALTY	OC-WALJS	1035	7.93	0.00	JUL 0.31	4.75	-20.8	2.6	15.3	0.0	-40.1	3.9
2	WISCONSIN REIT	OC-WREIS	1514	5.15	0.04	JUN 0.14	3.75	-23.2	130.1	26.8	1.1	-27.2	2.7
GROUP AVERAGE		2760	8.48	0.01	0.27	7.32	-16.4	63.0	27.0	0.1	-13.7	3.2	215.7
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT													
2N	ANRET INC	PH-ARET	509	21.75	0.00	MAY 0.00	9.25	-22.1	-7.5	0.0	0.0	-57.5	0.0
4N	BUILDOR INV GRP	OC-BULDS	2929	0.21	0.00	JUN 0.00	1.94	-11.4	-18.5	0.0	0.0	823.8	0.0
2N	CAPITAL MTG	PH-CMU	1675	-0.73	0.00	JUN 0.00	1.13	-9.6	28.4	0.0	0.0	-0.0	1.9
5N	CITIZENS MTG	OC-CZM	1421	-17.17	0.00	SEP 0.00	0.40	5.3	60.0	0.0	0.0	-0.0	0.6
1N	COMPASS INV GR	OC-CMPSS	3300	3.86	0.00	JUN 0.05	1.00	-33.3	-20.0	20.0	0.0	-74.1	1.3
4N	CONTINENTAL MTG	OC-CMI	20838	-6.54	0.00	SEP 0.04	0.32	-20.0	68.4	8.0	0.0	-0.0	6.7
3N	DIVERSIFIED MTG	NY-DMG	7326	8.12	0.00	JUN 0.00	4.00	-27.3	10.2	0.0	0.0	-50.7	0.0
3N	VDOMINION MGR	OC-DMRTS	639	-9.06	0.00	AUG 0.82	1.25	-28.6	42.0	1.5	0.0	-0.0	0.8
1N	EASTOVER CORP	OC-EASTS	1034	16.19	0.00	SEP 2.96	12.25	2.1	63.3	4.1	0.0	-24.3	18.3
2N	FIRST CARO INV	OC-FCARS	1510	14.72	0.00	JUN 0.13	6.38	-27.1	-21.5	49.1	0.0	-56.7	0.9
2N	FIRST MTG INVST	OC-FMTGS	8495	-3.70	0.00	JUL 2.01	1.06	-32.1	68.3	0.5	0.0	-0.0	9.0
2N	FIRST NEWPORT R	OC-FNRIS	2339	3.66	0.00	JUL 0.15	2.38	-24.0	72.5	15.9	0.0	-35.0	4.1
3N	FIRST VIR REIT	OC-FVM	1208	7.96	0.00	JUN 1.28	3.00	-33.3	117.4	2.3	0.0	-62.3	16.1
2N	GREAT AMER M&I	OC-GAMI	7372	-0.94	0.00	APR 0.00	2.63	-27.5	592.1	0.0	0.0	-0.0	19.4
2N	GROWTH REALTY	NY-GRW	2059	6.86	0.00	JUN 0.03	4.50	-14.3	12.5	150.0	0.0	-34.4	0.4
3N	VIGUARDIAN MTG	PH-GMI	3000	-11.76	0.00	MAY 0.74	0.81	-41.3	44.6	1.1	0.0	-0.0	2.4
3N	HAMILTON INV TR	OC-HAMTS	2175	5.36	0.00	JUN 0.00	3.25	-21.3	62.5	0.0	0.0	-39.4	0.0
2N	HOMAC-BARNES	OC-HOMC	1910	9.02	0.00	JUN 0.00	1.88	-34.7	0.0	0.0	0.0	-79.2	0.0
3N	INSTITUTIONAL INV	NY-INV	6798	1.19	0.00	JUL 0.00	1.25	-28.6	-37.5	0.0	0.0	5.0	0.0
2N	KENTUCKY PROPTY	OC-KMTGS	1100	3.22	0.00	MAY 0.20	1.88	-31.6	-11.7	9.4	0.0	-41.6	6.2
5N	LIFETIME COMMUN	OC-LFTMS	6666	3.10	0.00	JUL 0.16	1.00	0.0	58.7	6.3	0.0	-67.7	5.2
2N	LINCOLN MTG	OC-LNMG	1155	0.72	0.00	JUN 0.00	2.00	-20.0	6.4	0.0	0.0	177.8	0.0
1N	MARYLAND REALTY	OC-MDRTS	760	8.29	0.00	AUG 0.00	3.63	-21.6	14.2	0.0	0.0	-56.2	0.0
3N	METROPLEX RLTY	OC-JMI	11840	0.95	0.00	JUN 0.05	0.63	0.0	65.8	12.6	0.0	-33.7	5.3
2N	MIDLAND MTG	NY-MMT	2382	0.37	0.00	JUN 0.20	2.38	-38.7	36.0	11.9	0.0	543.2	54.1
1N	MORAGA CORP	OC-MORA	1355	8.13	0.00	JUL 0.24	4.75	-29.6	51.8	19.8	0.0	-41.6	3.0
4N	MTG INV WASH	OC-MINVS	2146	3.79	0.00	JUN 0.02	2.38	-13.5	36.0	119.0	0.0	-37.2	0.5
4N	NATIONAL MTG	OC-NMF	3707	2.17	0.00	MAY 0.16	0.75	-37.0	2.7	4.7	0.0	-65.4	7.4
3N	NECORP INC	NY-NWC	3854	1.39	0.00	MAY 0.48	3.00	20.0	14.1	6.3	0.0	115.8	34.5
3N	NJB PRIME INV	OC-NJBSS	1850	4.43	0.00	AUG 0.50	3.50	3.6	250.0	7.0	0.0	-21.0	11.3
1N	PARKWAY COMPANY	OC-PKWS	1055	8.00	0.00	JUN 0.13	4.50	-23.5	50.0	34.6	0.0	-43.8	1.6
4N	PLAZA REALTY	OC-PRSS	1114	0.68	0.00	JUN 0.00	1.50	-20.2	70.5	0.0	0.0	120.6	0.0
3N	REPUBLIC MTG	NY-RMI	2107	2.90	0.00	SEP 0.00	1.50	-20.2	8.7	0.0	0.0	-48.3	0.0
2N	SO ATLANTIC FIN	NY-SAT	2706	3.73	0.00	JUL 1.05	3.25	-27.8	8.3	3.1	0.0	-12.9	28.2
1N	TIERCO	OC-TIERS	2355	6.97	0.00	SEP 0.04	3.75	-26.9	42.6	93.8	0.0	-46.2	0.6
2N	TRECO INC	OC-TRECS	2299	1.24	0.00	JUN 0.08	1.38	-18.3	30.2	17.3	0.0	11.3	6.5
4N	UMET TRUST	NY-UAT	2109	-0.22	0.00	AUG 0.00	2.25	-21.9	19.7	0.0	0.0	-0.0	-0.0
2N	WESTPORT COMPANY	OC-WSPTS	2388	4.51	0.00	JUL 0.00	3.50	-34.9	43.4	0.0	0.0	-22.4	0.0
GROUP AVERAGE		3408	2.98	0.00	0.30	2.80	-21.3	25.3	9.2	0.0	-6.3	10.2	246.8
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR													
3N	AMER FLETCHER M	OC-AFM	1352	1.26	0.00	JUL 0.00	2.00	-24.0	22.7	0.0	0.0	58.7	0.0
2N	CAMERON-BROWN	NY-CB	2016	9.52	0.00	JUN 0.86	3.25	-40.9	23.6	3.8	0.0	-65.9	9.0
5N	VCHASSE MAN MTG	OC-CMR	5198	5.57	0.00	AUG 0.37	0.88	-22.1	76.0	2.4	0.0	-84.2	6.6
NR	CITINATL DEV	OC-N/A	600	13.24	0.00	JUN 0.06	9.25	5.7	23.3	154.2	0.0	-30.1	0.5
3N	CITIZENS&SO RLTY	NY-SM	6438	2.05	0.00	JUN 0.00	1.63	-18.5	44.2	0.0	0.0	-20.5	0.0
1	CLEVELAND TRUST	OC-CTRS	2525	10.77	0.20	JUN 0.15	6.75	-14.3	80.0	45.0	3.0	-37.3	1.4
1N	FIDELCO GROWTH	AS-FGI	1580	9.86	0.00	AUG 1.82	4.25	-35.9	2.9	2.3	0.0	-56.9	18.5
2N	FIRST DENVR MTG	OC-FDENS	1621	7.48	0.00	JUN 0.07	3.25	-23.5	52.6	46.4	0.0	-56.6	0.9
2N	FIRST MEMPH RLTY	OC-FMEMS	1156	6.29	0.00	AUG 0.00	4.25	-10.5	54.5	0.0	0.0	-32.4	0.0
4N	FIRST PENN MTG	NY-FPM	2961	1.25	0.00	JUL 0.00	1.50	-43.0	0.0	0.0	0.0	20.0	0.0
3N	FIRST WISC MTG	OC-FWMTS	1988	5.43	0.00	JUN 0.01	4.88	-21.9	69.4	488.0	0.0	-10.1	0.2
4N	INDEPENDENCE MT	OC-IMTGS	2500	-3.82	0.00	MAR 0.05	2.63	-12.3	163.0	52.6	0.0	-0.0	-0.0
2N	TRI-SOUTH MTG	NY-TSI	2597	5.62	0.00	JUN 1.90	2.63	-24.9	16.9	1.4	0.0	-53.2	33.8
2N	WACHOVIA RLTY	NY-WRI	3335	8.88	0.00	AUG 0.00	4.13	-36.5	6.4	0.0	0.0	-53.5	0.0
GROUP AVERAGE		2562	5.96	0.01	0.38	3.66	-21.5	36.2	9.7	0.4	-38.5	6.3	105.2
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS													
3N	AMER CENTURY MI	NY-ACT	2607	5.38	0.00	SEP 0.39	4.25	-29.2	35.8	10.9	0.0	-21.0	7.2
3N	CI MTG GROUP	PH-CI	4812	6.84	0.00	JUL 0.44	6.00	-12.8	100.0	13.6	0.0	-12.3	6.4
2N	GMR PROPERTIES	NY-GMR	2957	2.29	0.00	AUG 0.00	2.38	-32.0	26.6	0.0	0.0	3.9	0.0
3N	IDS REALTY	OC-IDR	2409	6.97	0.00	JUL 0.81	3.25	-10.5	135.5	4.0	0.0	-53.4	11.6
2N	STATE MUTUAL IN	NY-SMU	2786	9.11	0.00	JUN 0.19	4.38	-12.4	0.0	23.1	0.0	-51.9	2.1
GROUP AVERAGE		3114	6.12	0.00	0.37	4.05	-19.0	47.1	11.1	0.0	-33.8	6.0	67.0
PREFERRED STOCK & REIT FUNDS													
NR	CMT INV TR-PFD	OC-CMTIP	2149	7.50L	0.00	JUN 0.13	2.13	-22.5	-10.5	16.4	0.0	-71.6	1.7
NR	RET INCOME	AS-RET	3794	3.20N	0.00	MAR 0.14	3.13	0.0	56.5	22.4	0.0	-2.2	4.4
NR	RET-\$4.38 PFD	AS-RETRP	575	51.63C	4.38	---	0.00	43.38	-3.6	2.1	0.0	10.1	0.0
NR	CYPRUS CORP	AS-CYC	1425	1.39N	0.00	OCT 0.00	2.75	-15.4	37.5	0.0	0.0	97.8	0.0
NR	CYPRUS-PFD	AS-CYCPR	660	21.15C	1.70	---	0.00	13.63	-9.9	-0.9	0.0	12.5	-35.6
NR	TRECO-PFD A I	OC-N/A	779	1.00L	0.00	---	0.00	0.75	-25.0	19.0	0.0	0.0	-25.0
NR	TRECO-PFD AII	OC-N/A	260	1.00L	0.00	---	0.00	0.25	0.0	0.0	0.0	-75.0	0.0
GROUP AVERAGE		1377	12.41	0.87	0.04	9.43	-4.2	4.0	244.5	9.2	-24.0	0.3	55.0

\* GROSS CASH FLOW. # NET CASH FLOW, SEE P. 6. TRUSTS REPORTED ON A CASH FLOW BASIS AND DENOTED WITH "H" or "A" SYMBOL: BOOK VALUE INCLUDES ACCUMULATED DEPRECIATION. ARROWS DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS AND NON-RECURRING ITEMS NOT ANNUALIZED. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE. PH-PHILADELPHIA EXCHANGE. PS-PACIFIC EXCHANGE. BO-BOSTON EXCHANGE. NR-NOT RANKED. VJ-IN BANKRUPTCY REORGANIZATION. Y-CHAPTER XI REORGANIZATION COMPLETED. BID PRICES SHOWN FOR ALL OVER THE COUNTER STOCKS. AMERICAN EQUITY, ICM REALTY AND WISCONSIN REIT DIVIDENDS TRAILING 12 MONTHS.

L-LIQUIDATING VALUE. N-NET ASSET VALUE. C-CALL PRICE. NR-NOT RANKED. TRECO PRD. SERIES I CONVERTIBLE AT \$1.62

NAME CHANGE: BARNES MTG. CHANGED TO HOMAC-BARNES; TEXAS FIRST MTG. CHANGED TO PARKWAY COMPANY; ATLANTA NATIONAL CHANGED TO ANRET INC.

GROUP CHANGE: SECURITY MTG. CHANGED FROM QUALIFIED LONG-TERM MTGS & PROPERTIES TO PROP & MTG COMBINATION-NON-QUALIFIED.

EARNINGS SHOWN FOR CITIZENS MTG AND CONTINENTAL MTG ARE FOR SEPTEMBER 1978.



## CONVERTIBLE DEBENTURES

## STRAIGHT BONDS

DEBENTURE	EX	INT (%)	MAT	CONV AT	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE	ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD
ALAMAND CORP	OC	6.50	'91F	27.75	54.00	12.0	-19.3	14.98	4.75	BAY COLONY PROP-B	PS	8.50	'89	15.2	68.00	-3.8	12
AMER CENTURY	AS	7.00	'90	21.00	63.00	11.1	-4.8	13.23	4.25	BAY COLONY PROP-C	NY	8.50	'81F	6.8	87.13	-9.1	9
AMER CENTY'B	NY	6.75	'91	28.00	57.00	11.8	-8.0	15.96	4.25	BT MTG INV-C	OC	5.75	'82	19.4	67.00	-8.1	8
AMER REALTY	OC	7.00	'84F	10.40	70.00	DEF	-5.3	7.28	3.25	CHASE MAN TR-A	OC	7.88	'78F	36.7	76.00	-4.9	VJ
BANKAMERICA	OC	6.75	'90	21.00	80.00	8.4	-6.9	16.80	13.75	CHASE MAN TR-C	OC	7.50	'83	41.2	42.00	-15.9	VJ
BAYSWATER	OC	6.75	'91	21.00	58.00	11.6	-9.3	12.18	10.25	CITIZN & SO RLY-CD#	PS	3.00	'93	2.9	65.00	-18.7	4
CAPITAL MTG	OC	6.50	'91	33.00	52.00	12.5	-5.4	17.16	1.13	CITZNS MTG INV-B	OC	8.50	'80	20.0	31.00	-24.3	VJ
CHASE MANHTN	OC	6.50	'96F	55.00	42.00	VJ	-15.9	23.10	0.88	CMEI-C	NY	6.50	'82F	30.0	66.50	-2.1	9
CHASE MANHTN	OC	11.63	'97	2.25	42.00	VJ	-15.9	0.94	0.88	CONT ILL RLTY-B	NY	7.63	'79	25.0	97.63	0.4	7
COMPASS GP	OC	8.25	'98F	1.35	100.00	8.3	-9.8	1.35	1.00	DOMINION MTG-C	OC	8.00	'87	11.0	60.00	-1.5	VJ
CONN GENERAL	NY	6.00	'96	32.50	73.50	8.2	-6.3	23.88	21.13	FIRST MTG INV-A	OC	6.75	'82	7.7	80.00	0.0	8
CONTINTL MTG	OC	6.25	'90	19.79	39.00	VJ	-15.1	7.71	0.32	FIRST VA MTG-A	OC	4.00	'80	14.9	73.00	-9.8	5
EQUITBL LF M	NY	6.75	'90	26.25	75.00	9.0	-1.5	19.68	15.63	FIRST VA MTG-BM	OC	12.00	'80	5.0	84.00	-5.5	14
FIRST NEWPT	OC	6.75	'91F	27.50	45.00	15.0	-16.6	12.37	2.38	GMR PROPERTIES-B	AS	7.70	'80	4.2	98.00	0.5	7
FIRST PENN M	OC	6.75	'91F	8.65	47.00	14.4	-11.2	4.06	1.50	GMR PROPS-B	PS	8.50	'87	15.3	71.00	-3.3	12
FRANKLIN RLY	AS	7.00	'89	10.00	107.00	6.5	1.9	10.70	10.38	GREAT AMER MGMT-B	OC	3.00	'90	15.0	45.00	-4.2	6
HANOVER SQ R	AS	7.25	'92	21.00	73.00	9.9	-3.8	15.33	6.25	GREAT AMER MGMT-C	OC	1.10	'91	8.7	41.00	-6.7	2
HEITMAN MTG	AS	7.50	'92	14.70	66.00	11.4	-1.8	9.70	1.75	GROWTH RLTY-C	NY	6.75	'82	9.2	76.00	-6.4	8
HOTEL INVSTR	OC	7.75	'90	21.00	95.00	8.2	-0.9	19.95	19.63	GUARDIAN MTG-B	PH	7.50	'79F	25.0	49.00	-1.9	VJ
HOTEL INVTRS	OC	7.50	'91	25.25	74.00	10.1	-3.8	18.68	19.63	GUARDIAN MTG-C	PH	6.75	'86F	8.6	35.00	-10.2	VJ
LINCOLN MTG	OC	8.00	'90	11.00	54.00	14.8	-9.9	5.94	2.00	IDS REALTY-H	OC	---	---	86.0	60.00	-14.2	NC
MASSMUTL MTG	NY	6.75	'90	21.00	76.50	8.8	-1.8	16.06	10.75	INST INVESTOR-B	OC	8.25	'87	15.2	64.00	-5.8	12
MASSMUTUAL M	NY	6.25	'91	33.50	64.50	9.7	-12.1	21.60	10.75	INSTITNL INV-B	NY	7.88	'80F	5.5	92.00	-1.6	8
MIDLAND MTG	OC	7.00	'86	16.67	53.00	13.2	-1.8	8.83	2.38	METROPLEX-B	OC	7.75	'79F	9.6	75.00	0.0	0
MONY MTG IN	NY	7.00	'90	11.00	83.00	8.4	2.5	9.13	7.75	MIDLAND MTG-B	NY	8.00	'80	14.6	94.50	-0.0	8
MTG INV WASH	OC	8.00	'90	15.00	50.00	16.0	-21.8	7.50	2.38	MTG INV WASH-BG	OC	12.00	'80	15.0	84.00	-5.5	14
NOWSTRN MUTL	NY	6.00	'91	21.00	71.00	8.5	-1.5	14.91	9.25	NATIONWIDE RE-C	OC	7.00	'91	6.5	60.00	-6.2	11
PAC REAL TR	AS	7.00	'92	26.25	91.00	7.7	13.4	23.88	22.50	NO AMER MTG-B	PS	8.50	'87	12.1	74.00	0.0	11
RAM PACIFIC	OC	6.75	'91	21.00	70.00	9.6	-6.6	14.70	13.38	REALTY REFUND	NY	11.38	'98	20.0	90.00	-8.0	12
REALTY INCOM	AS	8.00	'91	18.00	72.25	11.1	-4.2	13.00	10.00	REALTY REFUND-C	NY	12.00	'98	15.0	89.00	-8.3	13
REPUBLIC MI	NY	9.00	'90	19.00	100.00	9.0	4.6	19.00	1.50	SAUL (B.F.)-C	NY	8.50	'80	25.0	96.50	-0.9	8
SAUL (BF) RI	OC	6.50	'91	23.00	56.00	11.6	-15.1	12.88	7.13	SECURITY MTG	AS	7.25	'82	35.0	86.00	-3.8	8
SAUL(BF) REI	OC	8.00	'90	15.50	70.00	11.4	-6.6	10.85	7.13	SECURITY MTG-C	OC	6.00	'82	5.3	75.00	-10.6	8
STATE MUTUAL	AS	6.75	'91	21.00	66.50	10.2	-4.9	13.96	4.38	SO ATLANTIC-C#	NY	6.75	'82F	16.9	72.38	-9.3	9
SUTRO MIT	NY	6.75	'82	20.00	82.50	8.2	-4.9	16.50	8.50	STATE MUT INV-B	NY	9.00	'80F	6.2	97.00	0.4	9
SUTRO MTG	AS	6.75	'91	20.00	66.00	10.2	-9.5	13.20	8.50	TRECO-C	OC	6.75	'91	5.3	47.00	-16.0	14
TRECO	OC	8.50	'98	1.62	95.00	8.9	-10.3	1.53	1.38	TRI-SOUTH MTG-B	NY	7.75	'80F	11.4	90.00	-5.5	8
TRI-SO / SR	PH	10.00	'88	2.50	110.00	9.1	-21.3	2.75	2.63								
TRI-SOUTH MI	NY	7.00	'92F	29.50	54.50	12.8	-19.2	16.07	2.63								
US REALTY IN	NY	5.75	'89	20.20	60.00	9.6	-4.7	12.12	6.88								
WESTPORT CO	OC	6.75	'91	21.00	53.00	12.7	-11.6	11.13	3.50								

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF=IN DEFAULT. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE.

## HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of qualified real estate investment trusts, displayed on page 4, and formerly qualified trusts and corporations, displayed on page 5. Only historical data, or annualizations of latest quarterly data, are used and thus results should not be read as estimates or projections. Investors are advised to consider carefully the following distinctive characteristics of REIT stocks compared with other industrial or financial securities:

**Annualized Dividend and Yield:** Most qualified REITs do not pay a posted regular annual dividend rate but instead pay their approximate earnings (or net cash flow) for each quarter. They do this because REITs are required to pay 90% (95% beginning 1980) of earnings to shareholders in order to qualify for exemption from Federal income taxes. This means that REIT dividends will vary from quarter to quarter much more than for industrial companies; The Wall Street Journal recognizes this variability by reporting most REIT dividends as "irregular." The outlook and stability of dividends are thus key factors in RTR's RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusting for any capital gains or special payouts. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to continue in subsequent quarters. For these reasons annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

**Annualized Earnings and Price/Earnings Ratio:** For mortgage trusts, latest quarterly earnings are multiplied by four. Zeros indicate losses or no earnings for the indicated quarter. Losses per share are however shown in the monthly Earnings Trend summary and in

## WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
CI MTG	PH-CI.W	3/80	2854	20.00	1.0	0.03	6.00	233.8	-39.9	0.1
CITZNS&SO-B*	PS-N/A	4/83	210	20.00	50.0	15.13	1.63	41.3	-10.9	3.2
FLATLEY RLTY	O-FLTLW	5/80	1000	10.00	1.0	0.38	6.00	73.0	-23.9	0.4
HOMAC-BARNES	O-HOMCG	12/82	1910	20.00	1.0	0.02	1.88	964.9	-66.6	0.0
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	1.50	19.00	13.2	-33.2	0.8
M&T MTG INV	O-MTMIZ	8/80	747	13.00	1.0	0.25	10.13	30.8	-79.9	0.2
MTG INV WASH	O-MINWZ	3/80	931	15.00	1.0	0.03	2.38	531.5	0.0	0.0
NEWCORP	A-NWCW	2/82	740	24.63	1.0	0.44	3.00	735.7	41.9	0.3
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	1.50	19.63	35.0	-33.2	2.0
SUTRO MIT(B)	A-SUTW	6/82	700	20.00	1.0	0.75	8.50	144.1	-24.9	0.5
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.02	9.25	116.4	-77.7	0.1

\*DEBENTURES USABLE IN LIEU OF CASH.

WTS PRICE OF .01 INDICATES TRADING IN MILLS.

NOTE: BUYERS ARE CAUTIONED THAT SPREADS BETWEEN BID AND ASKED PRICES FOR WARRANTS ARE VERY LARGE AND PRICES MAY VARY SIGNIFICANTLY.

**RELATIVE APPEAL RANKINGS.** Non-recurring items such as asset swap gains, reversals of loss reserves, etc., are not annualized for mortgage and mortgage/foreclosed property trusts.

**For property or equity trusts,** annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings if the trust uses cash flow as the basis for dividend payments. Net cash flow is defined as net income plus depreciation minus mortgage amortization, and net cash flow trusts are designated with the symbol "H" beside their names. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used and is denoted as "H\*." Both earnings (EPS) and net cash flow (CFS) per share for these equity trusts are shown in RELATIVE APPEAL RANKINGS.

Book value per share is essentially tang-

ible net worth per share after deducting intangible items such as unamortized debt discount and expenses, goodwill, etc. Book value does not reflect any appreciation in asset values but does reflect deduction of a reserve for possible investment losses computed under AICPA rules. Accumulated depreciation is added back to net book value for cash flow trusts (denoted "H" - see above) as a means of approximating market value of properties. Components of this adjusted book value are reported in RELATIVE APPEAL RANKINGS.

Shares used in the statistics are the actual number of shares outstanding as of the latest balance sheet date and do not reflect potential dilution from debenture conversion, warrant exercise, or other common equivalent shares which may have been used in computing earnings per share.



EARNINGS TRENDS: MOVES TO CUT INTEREST  
EXPOSURE HELP MORTGAGE TRUST RESULTS

Earnings reports for the past month tell a different story than might have been expected. The bulk of the qualified trusts whose earnings are tallied on p. 8 are either mortgage trusts or mortgage and property trusts, but despite near-crippling interest rates, 10 of the 16 trusts reported gains, while only four reported downturns. The gains are largely attributable to the trusts' increasing ability in a strong real estate market to sell off non- and low-earning assets. The funds generated can be used to cut interest rate exposure in two ways: either by applying them to bank debt or by expanding equity holdings and using the funds from the new investments to fund mortgage commitments, rather than using bank debt or commercial paper. At the same time, an earnings drain has been eliminated. It must be noted, however, that recent developments with the prime rate and its new highs make similarly strong results in the current quarter doubtful.

The best performer of the qualified REITs was Wells Fargo Mtg. & Equity, with a 32% gain in earnings to 45¢/sh. despite a loss of 3¢ each quarter for each 1% increase in the prime rate. The trust is almost a textbook case of the outlined strategy; it has been reducing the level of partially earning assets while increasing the proportion of its portfolio invested in equities.

While Conn. Gen. Mtg. & Realty did not post such a strong gain, with a 7% increase in earnings to 31¢/sh. in the Sept. quarter, it is better situated for current market conditions than Wells Fargo. During the quarter, the trust made commitments for \$6.7 million in equity investments and closed investments for \$12.9 million in acquisitions while its only remaining non-accrual loan was repaid. Most Conn. Gen. debt is at fixed rates.

Mortgage Trust of America reported an 11% gain in earnings to 10¢/sh. before 27¢ in special items. The trust has eliminated its short-term debt and is using funds

made available on the disposition of non-earning assets to make new equity investments. Recovery income, which has represented a substantial portion of income in recent quarters, is not expected to be significant in the 1979 fourth quarter.

Other mortgage trusts with strong earnings in the September quarter were Lomas & Nettleton with an 18% gain to 65¢/sh. on an expanding portfolio which so far has outweighed rate exposure of 2¢ EPS for each 1% prime, and Northwestern Mutual Mtg., whose 11% rise in EPS to 30¢ reflected an increasing portion of its portfolio in short-term mortgages which float with the prime rate, despite its own exposure of 2¢ for each 1%. L&N has boosted its dividend 18%.

Combined property-mortgage trusts such as Pacific Realty, with a 26% gain in EPS to 48¢, and Henry S. Miller, with an 8% gain to 40¢, have benefited from controlled operating expenditures and lower interest expense. Reflecting its strong earnings, Miller boosted its quarterly cash dividend 17% to 35¢/sh.

Downturns by qualified REITs were registered by BRT Realty, which has both a high proportion of non-earning assets and high interest rate exposure; Hospital Mtg., with a decline of 33% to 4¢/sh., as reductions in bank debt could not offset high rates, and Sutro Mtg., down 13% to 20¢/sh. Hotel Investors posted a downturn of 23% to 51¢/sh. in its fourth quarter, but results for the full fiscal year improved 46%, to \$1.66/sh., and the trust boosted its quarterly dividend payout 10%, to 55¢/sh.

Among the nonqualified trusts, Franklin Realty reported a 150% gain in its fourth quarter earnings, to 10¢/sh. before a net 4¢ nonrecurring gain, and a 144% improvement in its full fiscal year results to 22¢/sh. before a gain of 18¢ from asset sales and tax loss credits. The improvement is attributable to its expanding real estate service operations, which include syndication, management and brokerage, development, consulting and syndication; and its falling vacancy rate. Franklin



has no non-earning assets. As we reported in the September 21 issue of Realty Trust Review, Franklin has resumed a dividend with a 6¢/sh. payout after a gap of five years.

## NEW EARNINGS AND DIVIDEND REPORTS

Trust-Period ended	Th.\$/Spec'l#	EPS/Spec'l#	-Prev. Q- EPS/Spec'l#	-Yr.Ago- EPS/Spec'l#	-% Chng. From*- Prev.Q	Yr.ago Q
<b>Quarterly results: Qualified REITs:</b>						
BRT Realty.....Aug....	\$4.28	0.28	0.07	0.31	Worse	Better
Conn. Gen. Mtg. ....Sep....	1,886/93R	0.33/2cR	0.35/6cR	0.29/6cG	+7*	+35*
Hospital Mtg. ....Aug-EPS	44	0.04	0.40/34cG	0.07	-33*	-43
" " " " " " " " " " " " " "	136	0.11	0.47/34cG	0.15	-15*	-27
Hotel Investors.....Aug....	860	0.51	0.66	0.29	-23	+76
Lomas & Nettln.....Sep....	2,411	0.65	0.55	0.48	+18	+35
M&T Mtg. Inv.....Aug....	665	0.45	0.45	0.31	UC	+45
Miller (Henry).....Aug....	221	0.40	0.43/6cX	2.34/2.13cX	+8*	+90*
Mtg. Tr. Amer. ....Aug....	1,409/1,023GR	0.37/27cGR	0.23/14cGR	0.14	+11*	-29*
North Amer. Mtg. ....Sep....	1,070/751G	0.16/11cG	0.20/7cSX	0.32	UC*	Better
Novetrn. Mtg. ....Sep....	1,400	0.30	0.27	0.17	+11	+76
Pacific Rly.....Aug-EPS	403	0.48	0.83/45cG	0.28	+26*	+71
" " " " " " " " " " " " " "	535	0.64	0.88/45cG	0.44	+49*	+45
PNB Mortgage.....Sep....	d3,842/4,500X	d1.58/1.85X	0.26	0.24/5cG	+4*	+42*
Sutro Mortgage.....Sep....	465	0.20	0.23	0.32/22cG	-13	+100
United Realty.....Aug....	861	0.24	0.21	0.21	+14	+14
Wells Fargo M&E.....Sep....	1,785	0.45	0.60/26cGR	0.42/15cG	+32*	+22*
Western Mtg. ....Aug....	30	0.03	0.26/24cG	0.03	+50*	Better

<b>Quarterly results: Nonqualified trusts &amp; corps:</b>						
API Trust.....Jun....	33/23G	0.03/2cG	0.63/d16cL	0.32/36cG	Worse*	Better*
American Cent. ....Sep....	383/186N	0.15/7cN	0.32	0.07	-75	Better*
Amer. Fletcher.....Jul....	d149	0.11	0.17	0.42/1.16SN	Better*	Better*
Bay Colony Prop.....Aug....	485	0.03	0.01/3cN	0.07/20cG	Worse*	Better*
Chase Mtn. Mtg. ....Aug....	1,922	0.37	0.28/d12cL	0.97/16cG	+23*	Better*
Citizens Growth.....Jul....	42	N11	0.04	0.07	Worse	Worse
Dominion Mtg. ....Aug....	522/100G	0.82/16cG	0.17/2cG	0.66/6cG	Better*	+10*
Eastover Corp. ....Sep....	3,058/3,637XN	2.96/3.52XN	0.34/14cN	0.53/69cYN	Worse*	Worse*
Fidelco Growth.....Aug....	2,829/1,277N	1.82/82cN	1.22/1.08SN	1.59/1.97IS	+614*	Better*
First Memphis.....Aug....	d1,448/4434	d1.26/d37cN	0.23/7cN	0.55/1.15GS	Worse*	Worse*
First Mortgage.....Jul....	17,098/5,125N	2.01/60cN	0.07/3cN	N11/3cNS	+3425*	Better*
First Penna. ....Jun....	622/305NG	0.50/24cNG	0.29/14cN	0.41/1.83NG	+73*	Better*
First Virginia.....Jun....	143/42NL	0.14/4cNL	0.05/1cN	0.09/1cN	+150*	+25*
Franklin Rly.....Jun....	495/302	0.11/1cZ	0.03/1cZ	N11/16cS	Worse*	Better*
GMR Properties.....Aug....	1,940/2,483NY	0.81/1.03NY	1.81/2.20SRY	0.65/1.38NY	Better*	Better*
IDS Realty.....Jul....	d310/d21N	0.12/d1cN	0.09/1cN	0.09	Worse*	Worse*
Kendallworth Rly.....Aug....	d103	0.14	0.07	0.16/27cGN	Worse*	Worse*
Maryland Rly.....Aug....	467	0.20	0.16/2cT	0.18/80cS	Better*	Better*
Midland Mtg. ....Jun....	320/136N	0.24/10cN	0.97/50cN	0.02/1cN	Worse*	Better*
Morga Corp. ....Jul....	921/600G	0.50/32cG	11.54/12.71S	0.55	Better*	Better*
NJB Prime Inv. ....Aug....	d160	0.14	N11	0.12	Worse	Worse
Plaza Realty.....Jun....	3/779S	N11/37cS	0.17/12cSG	0.10	Worse*	Worse*
Republic Mtg. ....Sep....	41	0.04	0.56/51cT	0.12	-20	-67
Tierco.....Sep....	d849	0.40	0.30	0.72/13cI	Worse	Better*
UMET Trust.....Aug....	d506	0.15	0.10	0.10	Worse	Worse
Wachovia Realty.....Aug....						

<b>Annual results: All trusts &amp; corps:</b>						
Citizens & So. ....Jun(a).	13,117/15,608S	2.00/2.38S	0.33/45cG	---	Worse*	---
First Penna. ....Jul....	4258/7,665S	40.09/2.59S	42.08/1.43S	---	Better*	---
First Virginia.....Jun....	1,852/1,216NG	1.53/1.00NG	3.54/1.91NG	---	-67*	---
Franklin Realty.....Jun....	403/183NG	0.40/18cNG	0.48/0.39NG	---	+144*	---
Hotel Investors.....Aug....	3,303	2.05	1.40	---	+46	---
M&T Mtg. Inv.....Aug....	2,457	1.66	1.13	---	+47	---
Midland Mtg. ....Jun....	349/375TN	0.15/16cTN	0.14/2.98S	---	Better*	---
Morga Corp. ....Jul....	10,127/10062SN	7.47/7.42SN	0.43/69cSNI	---	Better*	---
PNB Mortgage.....Sep....	d1,249/4,500X	40.51/1.85X	0.85/5cG	---	+23*	---
Wachovia Realty.....Aug....	d3,105/214G	40.93/6cG	40.74	---	Worse*	---

### Dividend declarations:

Record	--Quarterly dividend/share--		-% Chng. from
Date	Latest	Previous	Prev.Q Yr.ago
American Equity.....10/19	0.50	0.40	+25
Consolidated Capital.....10/17	0.18M	0.1717M	+ 5
Conn. Gen. Mtg.....10/26	0.50	0.50	UC
Del-Val Financial.....10/19	0.12M	0.12M	UC
Equitable Life M&R.....10/15	0.50	0.50	UC
Hospital Mortgage.....11/15	0.15	0.15	UC
Hotel Investors.....10/17	0.55	0.50	+10
JMB Realty.....10/15	0.53	0.50	+6
Lomas & Nettleton.....10/19	0.65	0.55	+18
M&T Mortgage Inv.....10/1	0.40+20c extra	0.40	+33
Miller (Henry S.).....10/10	0.35	0.30	+17
New Plan Realty.....10/15	0.07M	0.07M	UC
Northwestern Mutual.....10/19	0.25	0.25	UC
PNB Mortgage.....10/25	0.27	0.22	UC
REIT of America.....10/17	0.40	0.40	UC
Sutro Mortgage.....10/31	0.25	0.25	UC
US Equity & Mtg.....9/25	0.25	0.20	+25
USP Real Estate Inv. Tr.10/19	0.19	0.17	+12
United Realty.....10/25	0.25	0.22	+14
University Rl. Est.....10/29	0.08	0.08	UC

UC=Unchanged. NM=Not meaningful. r=Restated. p=Preliminary. d=Deficit. b=Aft. pfd. divs.

\*=Special items included in both thousand dollar and share amounts are: G=Gain on sale of assets; I=Interest forgiveness; L=Loss on sale of assets; N=Net operating loss (NOL) benefit or charge; R=Recovery of past-due interest or prepayment fees; S=Swap of assets with banks; T=Gain on market purchase of debt at discounts; W=Gain (Loss) on mortgage refinancing; X=Settlement with adviser, sponsor, insurance company, or litigation with borrower; Y=Loss reserve credit; Z=Gain on debt restructuring via exchange or tender offers.

\*\* Comparisons are based upon earnings per share. Where loss is reported in one or both quarters, change in direction is shown as "Better" or "Worse."

\* Compared before special items.

\* Fourth quarter results for Citizens & Southern not available.

M Monthly dividend.

While First Virginia's results were down for its June fiscal year, fourth quarter results were up, as the trust continued to dispose of properties acquired through foreclosure with the proceeds used to retire bank debt (eliminated in October) and to convert non-earning assets to earning status. But First Virginia has a liquidity problem with \$20 million of subordinated debt due in November, 1980, and current results do not indicate a successful performance in the near-term.

Eastover Corp. reported income of \$3.52/sh. in its September quarter, entirely due to gains on litigation and tax loss credits; it had an operating loss of 56¢/sh. Over half of Eastover's assets are non-earning, with 24% of its portfolio in non-dividend paying REIT stocks.

Citizens & Southern's loss before special items narrowed to \$4.5 million in its June fiscal year, from \$7.1 million in the preceding year. Per share figures deteriorated, however, reflecting an 80% reduction in common shares used to compute per share results. The amount of common shares outstanding varies widely with the market price, and thus we are not able to break out fourth quarter results, as noted in the table.

Nine trusts boosted their dividend payouts in the last month, paced by American Equity and US Equity, which both increased their dividends 25%, to 50¢/sh. and 25¢/sh. respectively. American Equity has paid \$1.50 in the last 12 months, for a current yield of 15.8%.

Other gainers include Consolidated Capital, which boosted its monthly payout 5%, to 18¢/sh., most of which is capital gains; JMB Realty, up 6% to 53¢/sh., yielding 11.2%; USP REIT, up 12% to 19¢/sh. for a yield of 11.7%, and United Realty, up 14% to 25¢/sh. and a yield of 10.8%. Hotel Investors, Lomas & Nettleton, and Henry Miller boosted their payouts 10%, 18%, and 17% in conjunction with their earnings reports, as noted above.